

EXHIBIT 1

INTRODUCTION

Respondent Daniel Ricardo Gonzalez (hereafter “Respondent Gonzalez”) was the unsuccessful Democratic State Senate candidate for the 19th District in the November 7, 2000 general election. Respondent Friends of Daniel R. Gonzalez (the “Committee”) was the controlled committee of Respondent Gonzalez. Respondent Gonzalez is an attorney with an active license to practice law in the State of California, with law offices located in Simi Valley, California. Respondent Gonzalez’ sister, Susana Gonzalez, served as the treasurer of Respondent Committee.

The Political Reform Act (the “Act”)¹ requires candidates and their controlled committees to file campaign statements at specific times disclosing information regarding contributions received and expenditures made by the committee. In this matter, Respondents failed to timely file three semi-annual campaign statements.

For purposes of this Default Decision and Order, Respondents violations of the Act are stated as follows:

COUNT 1: Respondents Daniel Ricardo Gonzalez and Friends of Daniel R. Gonzalez failed to file a semi-annual campaign statement for the reporting period October 22, 2000 through December 31, 2000, by the January 31, 2001 due date, in violation of section 84200, subdivision (a) of the Government Code.

COUNT 2: Respondents Daniel Ricardo Gonzalez and Friends of Daniel R. Gonzalez failed to file a semi-annual campaign statement for the reporting period January 1, 2001 through June 30, 2001, by the July 31, 2001 due date, in violation of section 84200, subdivision (a) of the Government Code.

COUNT 3: Respondents Daniel Ricardo Gonzalez and Friends of Daniel R. Gonzalez failed to file a semi-annual campaign statement for the reporting period July 1, 2001 through December 31, 2001, by the January 31, 2002 due date, in violation of section 84200, subdivision (a) of the Government Code.

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

THE ADMINISTRATIVE PROCEDURE ACT

Pursuant to the Administrative Procedure Act (the “APA”),² a respondent is entitled to a hearing on the merits of an Accusation if the respondent files a Notice of Defense within 15 days after service of the Accusation. (Section 11506.) The APA further provides that a respondent’s failure to file a Notice of Defense within 15 days after service of an Accusation constitutes a waiver of the respondent’s right to a hearing. (Section 11506, subdivision (c).) A default decision may be issued if the respondent fails to file a Notice of Defense within 15 days of service of the Accusation. (Section 11520, subdivision (a).)

On August 2, 2005, the Accusation in this matter issued against Respondents, including Susana Gonzalez. The Enforcement Division employed the services of a process-serving company in Ventura County to attempt personal service of the Accusation on Respondents Gonzalez and Committee, as well as Susana Gonzalez. All attempts at personal service on these individuals were unsuccessful, despite numerous and repeated attempts by the process-serving company, at various addresses, from August 6, 2005 through September 27, 2005. Eventually, the process-serving company returned the Accusation and accompanying packet of information due to the failure to effectuate personal service on any of the parties. Copies of the personal service attempts by Attorney’s Diversified Services are attached hereto as Exhibit A and incorporated herein by reference.

Section 11505, subdivision (c) provides that the Accusation and accompanying information may be sent to the respondent by any means selected by the agency, but that no order adversely affecting the rights of the respondent shall be made by the agency in any case unless the respondent has been served personally or by registered mail as set forth in section 11505. Subdivision (c) of this statute further provides that service by registered mail shall be effective if a statute or agency rule requires the respondent to file respondent’s address with the agency and to notify the agency of any change, and if the registered letter containing the Accusation and accompanying material is mailed, addressed to the respondent at the latest address on file with the agency.

The State Bar of California requires licensed attorneys to maintain an address with the State Bar offices, and to notify the agency within 30 days of any change in the attorney’s address. (Rules and Regulations of the State Bar of California, Article 1, Section 1.) On November 14, 2005, and as of February 22, 2006, the address on file for Respondent with the State Bar of California was: Daniel Ricardo Gonzalez, 4266 E. Los Angeles Ave., #205, Simi Valley, CA 93063.

On November 1, 2005, Senior Commission Counsel Melodee A. Mathay telephoned Respondent Gonzalez’ law office at the phone number on file with the State Bar of California, and left a voice-mail message for him to contact her regarding this matter. Respondent Gonzalez failed to respond to this message.

On November 14, 2005, Senior Commission Counsel Melodee A. Mathay sent a registered letter to Respondent Gonzalez and Committee at the law office address Respondent Gonzalez maintains in Simi Valley, California, and that is on file with the State Bar of California. The letter informed Respondent Gonzalez that pursuant to Government Code section 11505, subdivision (c), the

² The Administrative Procedure Act is contained in sections 11370 through 11529 of the Government Code.

Accusation was being served by registered mail and that registered mail would be effective because Respondent Gonzalez was required to maintain an address with the State Bar of California, a state agency. On November 14, 2005, a duplicate copy of this letter, together with the Accusation and accompanying required documents, were mailed to Respondent Gonzalez and Committee at the same law office address by regular mail. A copy of the proof of service for these mailings is attached hereto as Exhibit B and incorporated herein by reference.

The registered mail packet was returned to the Enforcement Division marked “unclaimed” by the United States Postal Service, but the identical packet, which was sent by regular mail, was not returned. In addition to the Accusation, the packet contained a “Statement to Respondent” which notified Respondents Gonzalez and Committee that they could request a hearing on the merits and warned that, unless a Notice of Defense was filed within fifteen days of service of the Accusation, Respondents would be deemed to have waived their right to a hearing. Respondents Gonzalez and Committee failed to file a timely Notice of Defense.

On February 22, 2006, Senior Commission Counsel Melodee A. Mathay sent a letter to Respondents Gonzalez and Committee informing them that this matter would be submitted for a Default Decision and Order at the Commission’s next public meeting scheduled for March 16, 2006. A copy of the Default Decision and Order, and the accompanying Exhibit 1, was included with the letter.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns be fully and truthfully disclosed, in order for voters to be fully informed, and improper practices inhibited. To that end, the Act sets forth a comprehensive campaign reporting system.

Section 84200.5 requires candidates and their controlled committees to file two semi-annual campaign statements each year. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year. Under section 84214, as interpreted by Regulation 18404, candidates and their controlled committees may only end their filing obligations by filing a statement of termination.

SUMMARY OF THE FACTS

According to records maintained by the Secretary of State’s and Ventura County Clerk’s Offices, Respondent Gonzalez was an unsuccessful candidate for the California State Senate, 19th Senate District, in the November 7, 2000 general election. Respondent Committee, the controlled committee of Respondent Daniel R. Gonzalez, filed its statement of organization with the Secretary of State’s Office on November 15, 1999, and with the Ventura County Clerk’s Office on January 7, 2000.

According to the records maintained by the Secretary of State’s and Ventura County Clerk’s Offices, on July 31, 2000, Respondents filed a semi-annual campaign statement for the reporting

period February 20, 2000 through June 30, 2000, disclosing that they received contributions totaling \$58,343, and made expenditures totaling \$58,477 during the reporting period. Respondent Gonzalez signed this campaign statement on July 30, 2000.

Records of the Secretary of State's and Ventura County Clerk's Offices reflect that on October 9, 2000, Respondents filed a first pre-election campaign statement for the reporting period July 1, 2000 through September 30, 2000, disclosing that they received contributions totaling \$19,078, and made expenditures totaling \$7,500 during the reporting period. Respondent Gonzalez signed this campaign statement on October 5, 2000.

Records of the Secretary of State's and Ventura County Clerk's Offices reflect that on October 27, 2000, Respondents filed a second pre-election campaign statement for the reporting period October 1, 2000 through October 21, 2000, disclosing that they received contributions totaling \$8,525, and made expenditures totaling \$710 during the reporting period. Respondent signed this campaign statement on October 25, 2000. The campaign statement also reported that Respondents had a cash balance of \$14,916 remaining in their campaign bank account at the time of this filing.

Respondent Gonzalez lost in the November 7, 2000 election to Republican Tom McClintock.

COUNT 1

Failure to File a Semi-annual Campaign Statement by January 31, 2001

After the November 7, 2000 general election, Respondents had a duty to file a semi-annual campaign statement with the Secretary of State's and Ventura County Clerk's Offices, covering the reporting period October 22, 2000 through December 31, 2000, by January 31, 2001.

Records of the Ventura County Clerk's Office show that, on January 4, 2001, Assistant Registrar of Voters Bruce Bradley sent a letter to Respondents, reminding them to file the semi-annual campaign statement by January 31, 2001. On June 15, 2001 and December 20, 2001, Mr. Bradley sent two additional letters to Respondents, advising them of their obligation to file semi-annual campaign statements.

Records of the Ventura County Clerk's Office show that, on April 10, 2002, Deputy County Clerk Virginia Bloom sent a letter to Respondents advising that Respondents had not filed a campaign statement since October 2000, and that the semi-annual campaign statement for the reporting period October 22, 2000 through December 31, 2000 was overdue.

Since Respondents failed to file the semi-annual campaign statement or respond to repeated requests, the Ventura County Clerk's Office referred the matter to the Commission's Enforcement Division on May 9, 2002.

On May 14, 2002, Political Reform Consultant Linda Moureaux of the Enforcement Division left a telephone voice-mail message for Respondent Gonzalez regarding the non-filing of the above semi-annual campaign statement. Ms. Moureaux also advised Respondents of the possible late filing fees and penalties that could be imposed for not filing the semi-annual campaign statement.

In June 2003, Enforcement Division Investigator Charlie Bilyeu verified with the Ventura County Clerk's and Secretary of State's Offices that Respondents had still not filed the semi-annual campaign statement for the reporting period October 22, 2000 through December 31, 2000.

On July 3, 2003, Investigator Bilyeu conducted a telephone interview of Respondent Gonzalez, wherein Respondent Gonzalez agreed to file the delinquent semi-annual campaign statement. In his interview, Respondent Gonzalez stated that his mother had just passed away and that he was taking caring of family matters related to her death. Respondent Gonzalez stated that he would contact the Ventura County Clerk's Office, obtain forms, file the delinquent campaign statement, and forward a filed copy of the campaign statement to the Commission with a letter of explanation.

On November 14, 2004, Investigator Bilyeu verified with the Ventura County Clerk's and Secretary of State's Offices that Respondents had still not filed the semi-annual campaign statement for the reporting period October 22, 2000 through December 31, 2000.

On January 12, 2005, Enforcement Division Senior Commission Counsel Melodee A. Mathay sent a letter to Respondents in an attempt to persuade them to file the semi-annual campaign statement for the reporting period October 22, 2000 through December 31, 2000. Respondents failed to respond to this letter.

As of February 22, 2006, the records of the Ventura County Clerk's and Secretary of State's Offices reflect that Respondents have not filed the semi-annual campaign statement for the reporting period October 22, 2000 through December 31, 2000.

By failing to timely file a semi-annual campaign statement for the reporting period October 22, 2000 through December 31, 2000, by the January 31, 2001 due date, as set forth above, Respondents Gonzalez and Committee committed a violation of section 84200, subdivision (a).

COUNT 2

Failure to File a Semi-annual Campaign Statement by July 31, 2001

Respondents had a duty to file a semi-annual campaign statement, covering the reporting period January 1, 2001 through June 30, 2001, by July 31, 2001. According to the records of the Ventura County Clerk's and Secretary of State's Offices, Respondents failed to file the semi-annual campaign statement by the July 31, 2001 due date, in violation of section 84200, subdivision (a).

In June 2003, Investigator Bilyeu verified with the Ventura County Clerk's and Secretary of State's Offices that Respondents had not filed the semi-annual campaign statement for the reporting period January 1, 2001 through June 30, 2001.

On July 3, 2003, Investigator Bilyeu conducted a telephone interview of Respondent Gonzalez, as discussed in Count 1 above, and requested that Respondents file the delinquent semi-annual campaign statement for the reporting period January 1, 2001 through June 30, 2001. On November 14, 2004, Investigator Bilyeu verified with the Ventura County Clerk's and Secretary of State's Offices that Respondents had still not filed the semi-annual campaign statement for this reporting period.

On January 12, 2005, Senior Commission Counsel Mathay sent a letter to Respondents in an attempt to persuade them to file the semi-annual campaign statement for the reporting period January 1, 2001 through June 30, 2001. Respondents failed to respond to this letter.

As of February 22, 2006, the records of the Ventura County Clerk's and Secretary of State's Offices reflect that Respondents have not filed the semi-annual campaign statement for the reporting period January 1, 2001 through June 30, 2001.

By failing to timely file a semi-annual campaign statement for the reporting period January 1, 2001 through June 30, 2001, by the July 31, 2001 due date, as set forth above, Respondents Gonzalez and Committee committed a violation of section 84200, subdivision (a).

COUNT 3

Failure to File a Semi-annual Campaign Statement by January 31, 2002

Respondents had a duty to file a semi-annual campaign statement, covering the reporting period July 1, 2001 through December 31, 2001, by January 31, 2002. According to the records of the Ventura County Clerk's and Secretary of State's Offices, Respondents failed to file the semi-annual campaign statement by the January 31, 2002 due date, in violation of section 84200, subdivision (a).

In June 2003, Investigator Bilyeu verified with the Ventura County Clerk's and Secretary of State's Offices that Respondents had not filed the semi-annual campaign statement for the reporting period July 1, 2001 through December 31, 2001.

On July 3, 2003, Investigator Bilyeu conducted a telephone interview of Respondent Gonzalez, as discussed in Count 1 above, requesting that Respondents file the delinquent semi-annual campaign statement for the reporting period July 1, 2001 through December 31, 2001. On November 14, 2004, Investigator Bilyeu verified with the Ventura County Clerk's and Secretary of State's Offices that Respondents had still not filed the semi-annual campaign statement for the reporting period July 1, 2001 through December 31, 2001.

On January 12, 2005, Senior Commission Counsel Mathay sent a letter to Respondents in an attempt to persuade them to file the semi-annual campaign statement for the reporting period July 1, 2001 through December 31, 2001. Respondents failed to respond to this letter.

As of February 22, 2006, the records of the Ventura County Clerk's and Secretary of State's Offices reflect that Respondents have not filed the semi-annual campaign statement for the reporting period July 1, 2001 through December 31, 2001.

By failing to timely file a semi-annual campaign statement for the reporting period July 1, 2001 through December 31, 2001, by the January 31, 2002 due date, as set forth above, Respondents Gonzalez and Committee committed a violation of section 84200, subdivision (a).

CONCLUSION

Respondents have been grossly negligent in failing to file the required semi-annual campaign statements following the November 7, 2000 general election. Respondent Gonzalez spoke with Commission staff in July 2003 and agreed to file the delinquent campaign statements, but to date has failed to do so.

In further aggravation, the Ventura County Clerk's Office and Commission staff have made numerous and repeated contacts in an effort to obtain compliance from Respondents, but to no avail.

Until Respondents file the delinquent campaign statements, it is impossible to determine the amount of campaign activity leading up to and after the November 7, 2000 general election. As such, it is difficult to ascertain the public harm caused by these delinquent campaign filings.

This matter consists of three counts, which carries a maximum possible administrative penalty of Fifteen Thousand Dollars (\$15,000). Respondents' failure to file semi-annual campaign statements shortly after the November 7, 2000 state election is egregious, because the public would be most apt to view these campaign statements immediately following the election. As such, a maximum fine of \$5,000 for Count 1 is justified. Respondents continuing violation for failing to file subsequent semi-annual campaign statements, more than a year after the election, is less egregious since it is less likely that the public would have an interest in these campaign filings, and there would be less public harm. Therefore, a penalty of \$2,500 per count for Counts 2 and 3 would be appropriate.

Accordingly, the facts of this case, and the mitigating and aggravating circumstances addressed herein, justify imposition of a total administrative penalty of Ten Thousand Dollars (\$10,000).